

**OPEN WORLD PROGRAM
CENTER FOR RUSSIAN LEADERSHIP
AT THE LIBRARY OF CONGRESS**

2003 CIVIC HOSTING GRANT PROCEDURES

PART I – Program Description

Introduction:

The Center for Russian Leadership (the Center) was established in [Public Law 106-554](#) to enable emerging Russian leaders to gain significant, firsthand exposure to the American system of democracy through visits to local governments and communities in the United States. The Center's exchange programs, known collectively as "[Open World](#)," are based on the successful Russian Leadership Program (RLP) pilot projects administered by the Library of Congress in 1999–2001. The Center is physically located at the [Library of Congress](#) (see also the Library's [Russia Portal](#)), but is a separate, independent entity with its own governing board and staff.

The Center's first and major grant program for 2003¹ is the Civic Hosting Program, which will focus on young Russian political, civic, and economic leaders from the regional and local level. **The 2003 Parliamentary Hosting Grant Procedures will be published separately at a later date.** Candidates for the Civic Hosting Program are nominated by Russian, U.S., and international agencies and organizations. English-language ability is not required. Open World delegates come from all 89 Russian regions and reflect the country's ethnic and political diversity.

The Open World 2003 Russian civic delegates and facilitators² will be invited for ten-day exchanges in the United States (including travel periods and a domestic orientation program in Washington, D.C., or another major U.S. city). Home stays with American host families will again be an integral element of the Civic Hosting Program.

¹ On February 20, 2003, the President signed Public Law 108-7, the Consolidated Appropriations Resolution 2003, which includes the FY2003 appropriations for the Center. The new law also renames the agency the Open World Leadership Center and allows for expansion into the other FREEDOM Support Act countries and the Baltic nations. For Russia, the law establishes a program "to enable cultural leaders of Russia to gain significant, firsthand exposure to the operations of American cultural institutions." These provisions do not go into effect until May 20, 2003, and are not addressed in these grant guidelines. Grant guidelines for these new programs will be issued separately at a later date. You may access the Library of Congress [THOMAS](#) legislative database for the text of the law.

² Facilitators are young Russian citizens with excellent English skills and previous experience living in the U.S. They will provide supplementary interpretation support, especially for meals and cultural events, along with facilitating logistical and cultural matters.

Purpose:

The overall goal of the Open World 2003 program is to provide an opportunity for Russian elected officials and emerging political and civic leaders from all jurisdictional levels to observe the American political system and effective, responsive government at the federal, state, county, and municipal levels. The principles of accountability, transparency, and citizen involvement in government are among the concepts to be emphasized in the host program.

Programming Overview:

The Open World 2003 program will offer up to eight focus themes for its Civic Hosting Program. These themes were successfully implemented in the 2002 Civic Hosting Program and reflect current priorities in Russia and the priorities of other U.S. government and international aid programs.

Open World will select participants for its 2003 program based on their activities and experience in one or more of these thematic areas. Participants will be matched with host communities and professional counterparts that are comparable to their own communities and official positions. The host community will give participants firsthand experience with professional counterparts within their daily work routines and offer a view of American life through community and cultural activities and home stays.

The participants will prepare for their host community experiences by attending a Moscow-based pre-departure program and a two-day domestic orientation program conducted in Washington, D.C., or other urban area as deemed appropriate by the Center. The domestic orientation program will include instruction and experiences to introduce participants to basic information on federal, state, and local government and their interrelationships; the balance of powers; and the rule of law. The participants will also learn about American home life and practices to prepare them for their home stays, and they will take part in cultural events.

Themes:

The table below outlines the draft themes (listed in alphabetical order) that the Center has under consideration for 2003. Final themes and the target numerical hosting goal for each theme have not yet been determined.

DRAFT 2003 Civic Hosting Themes	
Theme	Description
Economic Development	Investment, finance, business development, free trade, and land reform are a few of the areas essential to Russia's economic revitalization. Open World invites participation by regional and local officials involved in implementing reforms that promote efficient markets and economic growth. Participants under this theme also include entrepreneurs, who are key advocates for economic reform and an important component of Russia's emerging civil society. Anti-corruption measures and public/private economic development partnerships are among the topics to be covered under this theme.
Education Reform	Russian education has a proud tradition, with learning and literacy levels that are among the best in the world. Russia's educational system, like that of the U.S., faces challenges with financing, teacher recruitment and retention, access to information technology, and modernizing content. Open World participants from the federal, regional, and local levels will examine these issues within the context of the highly decentralized American model, focusing on educational policy, performance/assessment models, financing, equity/access, and distance and vocational education. Participants include policy makers, academics, university and school administrators, and regional and local government officials.
Environment	The Russian constitution guarantees its citizens the right to a healthy environment. Access to environmental information and partnerships among government, the private sector, and NGOs to improve environmental quality of life are vital for a functioning civil society. Open World participants will explore federal, state, and local efforts to manage environmental issues; examine how citizens, businesses, NGOs, and governments obtain accurate environmental information; and review environmental education programs and the economic/business benefits of environmental protection. Participants under this theme include government officials, environmental NGO leaders, academics, journalists, and representatives of the environmental cleanup industry.
Federalism	Federalism has been the core theme for the Open World Program since its inception. Open World participants will again have the opportunity to observe the interaction of local, state, and federal government entities with businesses and NGOs. Hosts will provide activities that highlight the United States' strong tradition of decentralized government, grassroots activism, and reliance on nongovernmental sectors. Participants include government officials, political party representatives, policy analysts, and media professionals.

Health	<p>Access to appropriate health care and a functioning healthcare delivery system are fundamental elements of a civil society. Over the last decade, healthcare professionals and administrators in many Russian communities have developed significant partnerships with their counterparts in one or more U.S. communities. Including public policymakers in these efforts will help sustain and extend improvements in healthcare delivery. Open World will again emphasize programs that take a community-based approach. Participants under this theme include government officials (with an emphasis on regional and local executive-level officials), healthcare providers, educators, and NGO leaders. Policy issues relating to the delivery of services for HIV/AIDS patients and at-risk individuals will be a major focus of the 2003 program.</p>
Rule of Law	<p>Russia has begun to implement wide-ranging judicial reforms, including trial by jury and new standards for judicial selection, making rule of law a timely theme. Open World conducts a specialized rule of law program through which U.S. federal and state judges host Russian judicial delegations in association with a Grantee and/or a local host organization. Open World also offers rule of law as a regular Civic Hosting Program theme, and these delegations include legal professionals, government officials, and law professors. Both the regular and the specialized rule of law exchanges acquaint participants with U.S. approaches to court proceedings and administration, judicial selection and ethics, legal education and practice, law enforcement, and corrections.</p>

Women as Leaders	Well over a third of Open World delegates have been women leaders. For 2003, we will continue to focus on their importance to building a civil society in the Russian Federation. “Women as Leaders” delegations are typically organized around a specific subtheme, such as women in politics, women’s entrepreneurship, or human trafficking and domestic violence prevention. Hosts will include opportunities for participants to learn about American approaches to organizational and business management, administrative capacity building, leadership development, and grassroots organizing and fundraising.
Youth Issues	In 2002, U.S. Ambassador to Russia Alexander Vershbow asked Open World to include youth issues ³ as a program theme. In 2003, Open World participants will again explore U.S. federal, state, community, and private youth programs, especially those that promote educational and career development, leadership skills, volunteerism, and healthy lifestyles. Specific topics the program wants to emphasize include after-school programs, continuing education, substance abuse prevention, mentoring, and information access. Participants include regional and local officials, school and youth center administrators, youth organization directors, healthcare professionals, social service providers, and youth editors.

Objectives:

The objectives of the Open World Program grants for the Civic Hosting Program are as follows:

1. Participants will have substantive meetings with a core group of leaders and influential individuals in the community and receive an overview of the relationships among:
 - a) the executive, legislative, and judicial branches of government,
 - b) the business and civic communities and government, and
 - c) individual citizens and government.
2. Participants will observe how elected officials successfully govern their communities and complete their daily responsibilities.
3. Participants will meet with representatives of civic organizations, the business community, and other local institutions, and they will participate in community events, leading to an understanding of the role of the citizenry’s and community organizations’ interactions with the government.

³ Please note that Russians consider persons aged 18 to 25 to be “youth.” Programs must focus on current issues and services for Americans in this age range, as well as those for younger teens and pre-teens. Programming focusing on these younger age groups should emphasize preventive strategies.

4. Whenever possible, the programming for items 1–3 above will focus on the appropriate Open World civic theme selected for the delegation.
5. The programs will emphasize having delegates interact with and “job shadow” their American professional counterparts and others with related responsibilities.
6. Participants will be given opportunities to inform their American contacts about their professional activities and to share ideas for dealing with shared challenges. Open World participants include some of Russia’s most dynamic, highly educated young leaders, and host communities can benefit from their insights and suggestions.
7. Participants will take part in local cultural and social activities.
8. Participants will have the opportunity to discuss issues of mutual concern with local community leaders and to educate Americans about current affairs in Russia.

Through the Open World Program, the participants should:

1. Acquire an understanding of the important elements of American civil society, to be able to make comparisons with Russian civil society.
2. Acquire an understanding of governance and the rule of law in American society, including the concepts of accountability and transparency, the separation of powers, and the interrelationship of federal, state, and local governments.
3. Develop an understanding of the free enterprise system and its relationship to government.
4. Acquire an understanding of the roles of American government, civic institutions, free enterprise, and voluntary organizations as they relate to the relevant Open World civic theme.
5. Develop an appreciation of American culture.
6. Interact with Americans and develop contacts and relationships that will generate enduring ties.

Eligible Organizations:

Any U.S.-based organization with established foreign visitor programs or organizations that seek to establish such programs to host Russians for the purposes described above are eligible organizations for purposes of grant applications. Eligible organizations must demonstrate

experience and expertise in the Civic Hosting Themes for which they are applying and/or establish cooperative agreements with expert local host organizations.⁴

Program Requirements:

Grantee organizations will be expected to successfully complete and/or oversee the following programmatic and administrative activities in the schedule as given below:

Local Programming:

Successful grantee organizations will be responsible for eight days⁵ and eight nights of programming (including one weekend) for groups of approximately four delegates and one facilitator arriving between May 1 and December 15, 2003, usually on Thursdays or every other Saturdays. Responsibilities are:

For the Grantee Organizations:

1. Recruit and select local host organizations and families – The local host organizations must demonstrate expertise in, and programming resources for, the Civic Hosting Themes selected by the grant applicant.
2. Submit to the Center and the Contractor⁶ hosting capacity/options by theme (see above), preferred dates for hosting, and a community profile (if requested). The Center's standardized community profile form, which will be provided by the Contractor, requests the following information:

Host community

Congressional district(s)

Description of community:

- population (number) [median age is optional]
- urban/suburban/rural
- geographical location/climate
- closest major city foreign visitor would recognize/how many miles away?
- political structure of local government
- history
- cultural institutions/events
- distinguishing features: cropland, mountains, desert, major river or lake, major industry (manufacturing, technology,

⁴ Local host organizations for past Open World exchanges have included local affiliates of grantee organizations; colleges and university-based centers; and civic associations.

⁵ The Center will consider proposals that contain different provisions for the length of stay, size of delegations, arrival day, etc. than those outlined here, if needed to deliver quality programming.

⁶ See the **Logistics** section below for a description of the role and responsibilities of the Open World Contractor.
3/19/2003

mining, farming, etc.), federal parklands, multiculturalism, tourism, etc.

- special relationship/interest with Russia (e.g., sister city, exports xyz product to Russia)
- interpretation resources

(Copyrighted material must not be used in community profiles. Community profiles may be edited by the Center and posted on its Web site.)

Local contact name, address, telephone, fax, and e-mail

Host families: names and addresses, telephone, fax, and e-mail

3. Aid and oversee individual program development by local host organizations.
4. Participate, either in person or via telephone conference, in coordination meetings in Washington, D.C., with representatives of the Center and/or representatives of the Contractor selected by the Center.
5. Submit required evaluative reports by scheduled deadlines.
6. Report on the expenditure of grant funds as required below (forms will be furnished to grantee organizations by the Center).
7. Adhere to federal income tax regulations.
8. Assist the Center in coordinating press outreach with local host organizations.

Local host organizations (or Grantees conducting local programming themselves) will:

1. Provide local transportation during participants' visits, beginning with pickup at the U.S. final destination airport and ending with delivery to the departure airport. **No unaccompanied use of public transportation is allowed without notification to the Contractor.**
2. Provide a suitable home stay placement/s for each participant for eight days, including one weekend. Home stays are a centerpiece of the Open World experience and a major factor in grant application evaluations. The Center will consider proposals that include hotel or other paid accommodations under special circumstances, but priority will be given to proposals providing for home stays.
3. Provide a home stay placement for the facilitator.
4. Provide professional and adjunct interpretation for issue-oriented program activities.

5. Prepare an eight-day program for each participant group that reflects the selected Civic Hosting Theme and includes other activities that meet program objectives. Approximately 32 hours of programming should directly address the Civic Hosting Theme.
6. Schedule cultural activities and events during weekends and evenings.
7. Coordinate with the Center on press outreach, including sharing drafts of any press material developed for each participant group in advance with the Center, if requested, and reviewing any relevant press material developed by the Center, if requested.

Schedules/Milestones:

1. Grant applications will be reviewed upon receipt. Until further notice, there is no deadline for the receipt of grant applications. While applications will be received on a rolling basis, priority will be given to those received by **March 21, 2003**.
2. A list of host sites with a description of the proposed programming and preferred scheduling of visits should be included in the grant application.
3. Finalized programs are due two weeks before the participants' expected arrival date.
4. No travel or other activities after December 15, 2003, will be allowed unless specifically agreed to by the Center.
5. Periodic reports on overall programs and on the completion of individual programs will be submitted to the Center and/or Contractor by the Grantee at mutually agreed-upon dates.
6. A final report on the program and your activities, including recommendations for future program changes, must be submitted within 90 days of your final hosting activity.

Logistics:

The Center's Contractor provides administrative and logistical support to the Open World Program, including assistance with planning, oversight and administration of the nominations process in Russia, visas and travel arrangements, the selection of facilitators, the formation of delegations, organization of a predeparture orientation, and review of Russian translations. The Center, the Contractor, and the Grantee will develop a memorandum of understanding delineating the specific responsibilities of each party, more-specific program deadlines, and the lines of communication between and among the Center, the Contractor, the Grantee and the Local Host Organization.

Summary of Hosting Activities/Responsibilities:

The following table summarizes Grantees' and local host organizations' activities/responsibilities for each aspect of the Civic Hosting Program:⁷

ACTIVITY	Grantee	Local Host Organization
Coordinate air arrival/departure schedule with Contractor	X	X
Arrange ground transportation in host community		X
Recruitment of home hosts		X
Meals		X
Disbursement of funds to participants		X ⁸
Community profiles	X	X
Coordinate press outreach with Center	X	X
Development of local program		X
Review of draft local program	X	
Submission of English-language agendas to Grantee and Contractor		X
Cultural activities		X
Professional interpretation services		X
Participation in coordination meetings/conference calls with Center	X	
Submission of post-program summary to Grantee and Contractor		X
Submission of periodic and final reports to Center	X	
Submission of budget and expenditure reports to Center	X	

⁷ The specifics of actual responsibilities and flow of information will be delineated in a Memorandum of Understanding with the Grantee, Contractor and Center for Russian Leadership.

⁸ Disbursement of funds by a local host organization would take place only if delegates did not take part in an orientation program in the U.S. before traveling to local host communities.

Domestic Orientation Program:

A two-day orientation program will take place in Washington, D.C., or other urban setting selected by the Center. Participants will receive an introduction to the legislative, executive, and judicial branches of government, basic legislative procedure and the rule of law, the rights of individual citizens, and current issues in governance and politics. Other sessions will cover American home life and cultural practices. Participants will also participate in cultural and social activities. Queries on the orientation program may be sent to Aletta Waterhouse at <mailto:awat@loc.gov>. The Contractor conducts most domestic orientation programs for the Center. However, applicants for the Civic Hosting Program interested in conducting domestic orientation programs or (in lieu of domestic orientation programs) wrap-up programs for their participants should contact Aletta Waterhouse at awat@loc.gov or 202-707-8943.

PART II – Project Proposal Requirements

Eligible organizations seeking grants should submit the following to the Center for Russian Leadership at the Library of Congress:

1. **Project Summary** – A narrative document of no more than three double-spaced pages providing the following information:

- Summary of your organization's past experience with similar programs
- Statements of any unique qualifications for this program
- Estimates of your hosting capabilities, e.g., number of host communities and number of participants to be hosted
- Explanation of your programming capabilities, especially in the Civic Themes for which you are applying
- Descriptions of how your organization will fulfill the program objectives and requirements given above

2. **Previous program examples/Draft programs** – Examples of visitor programs that reflect the Civic Theme, counterpart, community and interest group, and cultural experiences outlined above. Programs should incorporate hands-on, participatory activities and meetings with relevant professionals at their workplaces.

3. **Work plan** – Brief narrative description of your specific plans to implement the program, including how you will coordinate with local host organizations and with the Contractor where applicable.

4. **Proposed schedule of visits** – A list of proposed host sites (including names or types of local host organizations you plan to use) and estimated numbers of visitors to these sites and a proposed calendar for the visits.

5. **Budget submission** – The budget submission is the financial expression of your program plans as a partner in the Open World Program. Therefore, your budget submission needs to reflect your administration of a program that meets the goals outlined above.

The categories of your budget justifications must be presented using the Office of Management and Budget (OMB) Standard Object Classification Title (SOC). Each SOC in your budget proposal must provide dollar amounts accompanied by a narrative justification. When preparing your budget, please keep in mind that an overage of 10 percent or more in **any** one SOC will require prior written approval from the Center for Russian Leadership's Grants Officer. The SOC titles and definitions to be used for your budget submissions are as follows:

1. Personnel Compensation – Salaries and wages paid directly to your employees.
2. Personnel Benefits – Your cost associated with benefits of your employees.
3. Travel and transportation – Obligations for travel and transportation of staff.
4. Rental Payments – Obligations for possession and use of space.
5. Rental of Equipment – Obligations for the rental of any equipment.
6. Postal Services – Obligations for postal items such as stamps, postcards, etc.
7. Utilities – Obligations for heat, light, power, water, etc.
8. Printing – Obligations for printing and reproduction.
9. Advisory and Assistance Services – Obligations for advisory and assistance services, such as translations acquired to meet your requirements under the grant.
10. Supplies – Obligations for office supplies.
11. Equipment – Obligations for property of a durable nature (i.e., computers).
12. Grants – Obligations for grants made to others by your organization.

In case your budget for any reason needs to include SOC's other than the ones listed above, we have included the section of OMB Circular A-11 (located at: <http://www.whitehouse.gov/omb/circulars/a11/2002/part2.pdf> Item 35) that pertains to object class data and definitions. Budget submissions reflecting any General and Administrative Overhead Costs must be shown as a separate line item and supported by a narrative justification.

Proposals and budgets should be e-mailed to the Grants Officer: Aletta Waterhouse, Program Administrator, Center for Russian Leadership, at <mailto:awat@loc.gov>; or faxed to the Center for Russian Leadership office at (202) 252-3464. Please contact Ms. Waterhouse at 202-707-8943 if e-mailing or faxing of material is not feasible. **Because of continuing mail screening, the Center does not receive regular USPS mail in a timely fashion. The Center must be notified ahead of time at the above telephone number of any overnight or express package deliveries, which are also subject to screening.** The Center for Russian Leadership grants committee will review applications and respond no later than 45 calendar days after receipt of an application.

All submissions must adhere to the following outline:

NAME OF ORGANIZATION
MAILING ADDRESS
PROGRAM CONTACT – NAME AND NUMBER
FINANCIAL/BUDGET CONTACT – NAME AND NUMBER
FAX NUMBER

OBJECT CLASSIFICATION	NARRATIVE JUSTIFICATION	AMOUNT
Personnel Compensation	1 Full-time project director for 3 months at \$0,000 per month.	\$0,000
Travel	One trip from New York to Wash, DC	0,000
GRAND TOTAL		0,000

REQUESTED BY:

SIGNATURE PROGRAM OFFICER AND DATE

SIGNATURE FINANCIAL/BUDGET OFFICER AND DATE

APPROVAL:

CENTER FOR RUSSIAN LEADERSHIP
PROJECT DIRECTOR

3/19/2003

CENTER FOR RUSSIAN LEADERSHIP GRANT OFFICER

6. Other required forms and certifications will be given to potential grantees by the Center for Russian Leadership.

PART III – Administering Your Grant

1.1. Introduction

Through its grants, the Government sponsors everything from complex multi-million dollar, multi-year scientific research and development undertakings to the creative efforts of individual young artists. As you might expect, the rules that have been developed to address all the situations likely to arise between the Government and its grantees are extensive. Working from a comprehensive set of grant principles published by the Office of Management and Budget (OMB), the Center for Russian Leadership (Center) has identified specific rules that will apply to all grantees and subrecipients of Center grants. These rules are explained below. It is important that you become familiar with these provisions and comply with them.

The Center's simplified rules are based on two OMB documents: Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Learning, Hospitals and Other Non-Profit Organizations" and Circular A-122, "Cost Principles for Non-Profit Organizations." If you have any questions, or anticipate a situation not explicitly covered by these provisions, please feel free to contact the Center or to refer to the original OMB grant materials. The complete cost-principles document and both circulars are available on the [OMB website](#).

1.2. Basic Grantee Responsibilities

You have full responsibility for the conduct of project activities under a Center award, for adherence to the award conditions, and for informing the Center during the course of the grant of any significant programmatic, administrative, or financial problems that have arisen. In accepting a grant, you assume the legal responsibility of administering the grant in accordance with these requirements and of maintaining documentation, which is subject to audit, of all actions and expenditures affecting the grant. Failure to comply with the requirements of your award could result in suspension or termination of the grant and the Center's recovery of grant funds. You also assume full legal responsibility for any contracts you enter into relating to the grant program.

3/19/2003

1.3. Compliance with Federal Laws

At the time of application to the Center you must certify that your programs operate in compliance with the requirements of various federal statutes and their implementing regulations. These are described below. You are also required to obtain an executed certification of compliance with these statutes from all organizations that are subrecipients under a Center grant.

a. **Nondiscrimination.** Grants are subject to the provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972 (as amended), Section 504 of the Rehabilitation Act of 1973 (as amended), the Age Discrimination Act of 1975 (as amended), and the regulations issued pursuant thereto. Therefore, no person on grounds of race, color, national origin, disability, or age shall be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under a program funded by the Center. In addition, if a project involves an educational activity or program, as defined in Title IX of the Education Amendments of 1972, no person on the basis of sex shall be excluded from participation in the project.

b. **Lobbying Activities.** The Byrd Anti-Lobbying Amendment, 31 U.S.C. 1352, prohibits recipients of federal contracts, grants, and loans from using appropriated funds to influence the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant, cooperative agreement, loan, or any other award covered by § 1352. 18 U.S.C. 1913 makes it a crime to use funds appropriated by Congress to influence members of Congress regarding congressional legislation or appropriations. Finally, Attachment B21 of Office of Management and Budget Circular A-122 designates the following as unallowable charges to grant funds or cost sharing: certain electioneering activities, financial support for political parties, attempts to influence federal or state legislation either directly or through grass-roots lobbying, and some legislative liaison activities.

c. **Drug-Free Workplace.** The Drug-Free Workplace Act of 1988, 41 U.S.C. 701, requires grantees to have an on-going drug-free awareness program; to publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace; to maintain evidence that this statement was given to each employee engaged in the performance of the grant; and to identify in the funding proposal or to keep on file in its office the place(s) where grant activities will be carried out.

d. **Debarment and Suspension.** You and your principals must not be presently debarred or suspended or otherwise excluded from or ineligible to participate in federal assistance programs. You shall provide immediate written notice to the Center Grants Office if at any time you learn that your certification was erroneous when submitted or has become erroneous by reason of changed circumstances. You shall not make or permit any subgrant or contract to any party which is debarred or suspended or is otherwise excluded from or ineligible

for participation in federal assistance programs in violation of the regulations implementing Executive Order 12549, "Debarment and Suspension."

1.4. Grant Period and Extensions

The grant period is the span of time designated in the grant award, or an amendment thereto, during which you have the authority to obligate grant funds and undertake project activities. However, when approved by the Center you may incur necessary project costs in the 90-day period prior to the beginning date of the grant period. The Center may also authorize a one-time extension of the expiration date established in the initial grant award if additional time is required to complete the original scope of the project with the funds already made available. A single extension that shall not exceed 2 months may be made for this purpose, provided it is made prior to the original expiration date. Grant periods will not be extended merely for using the unliquidated balance of project funds.

1.5. Key Project Personnel

You must identify a project director and grant administrator for the Center award. (One person may perform both roles.) The replacement of the project director or the co-director or a substantial reduction in the level of their effort, requires prior written approval from The Center. When it is specifically required as a condition of a grant, written approval will also be needed for the replacement or the substantial reduction in the level of effort of other personnel whose work is deemed by the Center to be critical to the project's successful completion. All requests for approval of changes in key project personnel shall be signed by your grant administrator and submitted to the appropriate Center Grants Officer.

1.6. Changes in Project Scope

Any project that is carried out under a grant must be consistent with the scope of the proposal that is approved for funding by the Center. The scope of a project encompasses the purpose for which the grant is undertaken, the subject matter, the treatment of the subject matter, the historical time frame of the project, the volume of material that will be studied/treated, and the products that are expected to result from grant activities. No changes may be made in the scope of a project without written approval from the Center. All requests for a change in the scope of a grant shall be signed by your grant administrator and submitted to the Center Grants Officer.

1.7. Organizational Prior Approval System

Your organization is required to have written procedures in place for reviewing and approving in advance proposed administrative changes such as:

- ☐ the expenditure of project funds for items that, under the applicable cost principles, normally require prior agency approval;
- ☐ the one-time extension of a grant period;
- ☐ the incurring of project costs prior to the beginning date of an award; and
- ☐ budget revisions that involve the transfer of funds among budget categories.

a. Purpose. The procedures for approving such changes are sometimes referred to as an "organizational prior approval system." The purpose of such a system is to ensure that:

- ☐ all grant actions and expenditures are consistent with the terms and conditions of the award, as well as with the policies of the Center and your organization;
- ☐ any changes that may be made do NOT constitute a change in the scope of the project, and,
- ☐ any deviation from the budget approved by the Center is necessary and reasonable for the accomplishment of project objectives and is allowable under the applicable federal cost principles.

b. Requirements. Although you are free to design a prior approval system that suits your particular needs and circumstances, an acceptable system must at a minimum include the following:

- ☐ the procedure for review of proposed changes must be in writing;
- ☐ proposed changes must be reviewed at a level beyond the project director; and,
- ☐ whenever changes are approved, the grantee institution has to retain documentation of the approval for three years following the submission of the final financial report.

1.8. Activities Outside the United States

You shall obtain the appropriate licenses, permits, or approvals prior to undertaking grant activities outside the United States. The Center does not assume responsibility for your compliance with the laws and regulations of the country in which work is to be conducted.

1.9. Reporting Requirements

A final performance report and a final Financial Status Report shall be submitted to the Center within 60 days after the completion date of the grant period. Because you will be paid on an advance basis, you are also required to submit a Federal Cash Transactions Report within 15

days of the end of each calendar month. Failure to submit reports on a timely basis may result in delayed payments.

2. Financial Matters

2.1. Allowable Costs

The reasonableness, allowability, and allocation of costs for work performed under a Center grant shall be determined in accordance with the applicable federal cost principles and the terms and conditions of the grant award. The complete official federal cost principles for non-profit organizations are included in Part IV.

a. **Pre-Award Costs.** You may include project costs incurred within the 90-calendar-day period immediately preceding the beginning date of the grant in your grant budget. Pre-award expenditures are made at your own risk and the Center is not obligated to cover your costs in the event an award is not made or is made for an amount that is less than you anticipated.

b. **Travel Costs.** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by those who are on official business attributable to work under a grant. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used results in charges consistent with those normally allowed by your organization in its regular operation, as set forth in your written travel policy. Airfare costs in excess of the lowest available commercial discount or customary standard (coach) airfare are unallowable unless such accommodations are not reasonably available to accomplish the purpose of travel. All air travel that is paid in whole or in part with Center funds must be undertaken on U.S. air carriers unless the Center gives you prior written approval for use of non-U.S. carriers.

2.2. Budget Revisions

The project budget is the schedule of anticipated project expenditures that is approved by the Center for carrying out the purposes of the grant. When grantees or third parties support a portion of the project costs, the project budget includes the nonfederal as well as the federal share of project expenses. All requests for budget revisions shall be signed by your grant administrator and submitted to the Center. Within 14 calendar days from the date of receipt of the request for budget revision, the Center will review the request and notify you whether or not the budget revision has been approved.

You must obtain prior written approval from the Center whenever a budget revision is necessary because of:

- ☐ the transfer to a third party (by subgranting, contracting, or other means) of any

work under a grant (Center approval is not required for third-party transfers that were described in the approved project plan, or for the purchase of supplies, materials, or general support services);

- ☐ the addition of costs that are specifically disallowed by the terms and conditions of the grant award;
- ☐ the transfer of funds from stipends or training allowances to other budget categories; or
- ☐ changes in the scope or objectives of the project.

2.3. Cost Sharing and Cost-Sharing Records

While the Center award will fund most of your Center project activities, you are expected to share in project expenses at the level indicated in your approved project budget. You must maintain auditable records of all project costs whether they are charged to grant funds or supported by cost-sharing contributions. All cash and in-kind contributions to a project that you provide or are provided by a third party are acceptable as your cost sharing when such contributions meet the following criteria:

- ☐ Are verifiable from your records;
- ☐ Are not included as contributions for any other federally-assisted program;
- ☐ Are necessary and reasonable for the proper and efficient accomplishment of project objectives;
- ☐ Are types of charges that would be allowable under the applicable cost principles;
- ☐ Are used to support activities that are included in the approved project work plan; and
- ☐ Are incurred during the grant period.

Contributions, such as property, space, or services, that you donate to a project are to be valued in accordance with the applicable federal cost principles and not on the basis of what would normally be charged for the use of these items or services. When your cost sharing includes third-party in-kind contributions, the basis for determining the valuation of volunteer services and donated property or space must be documented and must conform to federal principles. Contact the Center for guidance if you anticipate in-kind cost sharing.

2.4. Payments and Interest

You will be paid on an advance basis, unless otherwise specified in the grant award, and payment will be effected through electronic funds transfer. Whenever possible, advances should

be deposited and maintained in insured accounts. You are also encouraged to use women-owned and minority-owned banks (banks that are owned at least 50 percent by women or minority group members).

a. **Payment Requests.** Requests for advance payment shall be limited to your immediate cash needs and are not to exceed anticipated expenditures for a 30-day period. Grant funds that have been paid to you but are unspent at the end of the grant period must be returned to the Center.

b. **Interest on Grant Funds.** All grantees, except states (see glossary), are required to maintain advances of federal funds in interest-bearing accounts unless the grantee receives less than \$120,000 per year in advances of grant funds or the most reasonably available interest-bearing account would not earn more than \$250 per year on the federal cash balance, or would entail bank services charges in excess of the interest earned. Interest that is earned on advanced payments shall be remitted to the Center.

2.5. Financial Management Standards

Your financial management system must meet the following standards:

a. **Accounting System.** You must have an accounting system that provides accurate, current, and complete disclosure of all financial transactions related to each federally sponsored project. Accounting records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income. These records must be maintained on a current basis and balanced at least quarterly.

b. **Source Documentation.** Accounting records must be supported by such source documentation as canceled checks, bank statements, invoices, paid bills, donor letters, time and attendance records, activity reports, travel reports, contractual and consultant agreements, and subaward documentation. All supporting documentation should be clearly identified with the grant and general ledger accounts that are to be charged or credited.

(1) The documentation required for salary charges to grants is prescribed by the cost principles applicable to the grantee organization. If you anticipate salary changes during the course of the grant, include those charges in your budget request.

(2) Formal agreements with independent contractors, such as consultants, must include a description of the services to be performed, the period of performance, the fee and method of payment, an itemization of travel and other costs that are chargeable to the agreement, and the signatures of both the contractor and an appropriate official of the grantee organization.

c. **Third-Party Contributions.** Cash contributions to the project from third parties must be accounted for in the general ledger with other grant funds. Third party in-kind (non-cash) contributions are not required to be recorded in the general ledger, but must be under accounting control, possibly through the use of a memorandum ledger. If third party in-kind (non-cash) contributions are used on a project, the valuation of these contributions must be supported with adequate documentation.

d. **Internal Control.** You must maintain effective control and accountability for all cash, real and personal property, and other assets. You must adequately safeguard all such property and must provide assurance that it is used solely for authorized purposes. You must also have systems in place that ensure compliance with the terms and conditions of each grant award.

e. **Budget Control.** Records of expenditures must be maintained for each grant project by the cost categories of the approved budget (including indirect costs that are charged to the project), and actual expenditures are to be compared with budgeted amounts no less frequently than quarterly. Center approval is required for certain budget revisions.

f. **Cash Management.** You must also have written procedures to minimize the time elapsing between the receipt and the disbursement of grant funds to avoid having excessive federal funds on hand. Requests for advance payment shall be limited to your immediate cash needs and are not to exceed anticipated expenditures for a 30-day period. You must ensure that all grant funds are obligated during the grant period and paid no later than 60 days after the end of the grant period.

2.6. Record Retention and Audits

You must retain financial records, supporting documentation, statistical records, and all other records pertinent to the grant for three years from the date of submission of the final Financial Status Report. If the three-year retention period is extended because of audits, appeals, litigation, or the settlement of claims arising out of the performance of the project, the records shall be retained until such audits, appeals, litigation, or claims are resolved. Unless court action or audit proceedings have been initiated, you may substitute microfilm copies of original records.

The Center, the Comptroller General of the United States, and any of their duly authorized representatives shall have access to any pertinent books, documents, papers, and records of your organization to make audits, examinations, excerpts, transcripts, and copies. Further, any contract in excess of the simplified acquisition threshold (currently \$100,000) that you negotiate for the purposes of carrying out the grant project shall include a provision to the effect that you, the Center, the Comptroller General, or any of their duly authorized representatives shall have access for similar purposes to any records of the contractor that are directly pertinent to the project.

2.7. Equipment

Equipment is defined as tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. The purchase of equipment not included in the approved project budget is allowable only if specifically approved beforehand by the Center and only when there is documentation to support that the purchase is necessary and reasonable to carry out project activities.

a. **Equipment Records.** Equipment records must be maintained that include the description of the equipment, the serial number or other identification number, the source of equipment, the title holder, the acquisition date, the cost of the equipment, the location, use, and condition of the equipment, and any ultimate disposition data including the date of disposal and the sale price of the equipment. A physical inventory of the equipment must be taken and the results reconciled with the equipment records at least once every two years.

b. **Title to Equipment.** Title to equipment purchased or fabricated with Center funds shall be vested in your organization with the understanding that the equipment will be used for the project for which it was obtained but without further obligation to the federal government. The Center reserves the right to request the transfer of title to the federal government or to a third party when the current per unit fair market value of the equipment is \$5,000 or more and the equipment is no longer needed to carry out the purposes of the project or other projects funded by government agencies.

2.8. Supplies

Title to supplies and other expendable property shall vest in your organization upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project and the supplies are not needed for any other federally sponsored project or program, you may retain the supplies for use on non-federal sponsored activities or sell them, but shall in either case compensate the federal government for its share.

3. Procurement

3.1. Procurement Responsibility

The standards contained in this section do not relieve you of the contractual responsibilities arising under your contracts. You are the responsible authority, without recourse to the Center regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of a grant project. Matters concerning the violation of a statute are to be referred to such federal, state, or local authority as may have proper jurisdiction.

You may determine the type of procurement instrument used, e.g., fixed price contracts, cost reimbursable contracts, incentive contracts, purchase orders. The contract type must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods shall not be used.

3.2. Procurement Standards

When procuring property or services under a grant, your procurement policies must adhere to the standards set forth below. Subrecipients of grant funds are subject to the same policies and procedures as the grantee.

a. **Contract Administration.** You shall maintain a system for contract administration that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. You shall evaluate contractor performance and document, as appropriate, whether or not contractors have met the terms, conditions, and specifications of the contract.

b. **Ethical Standards of Conduct.** You shall maintain a written standard of conduct for awarding and administering contracts. No employee, officer, or agent of your organization shall participate in the selection, or in the awarding or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for a contract: the employee, officer, or agent; any member of his or her immediate family; his or her partner; or an organization which employs or is about to employ any of the preceding.

Your officers, employees, and agents will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, you may set standards governing when the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by your officers, employees, or agents.

c. **Open and Free Competition.** All procurement transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition. You should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the grantee, price, quality, and other factors considered. Solicitations shall clearly set forth all

requirements that the bidder/offeror must fulfill in order for the bid/offer to be evaluated by the grantee. When it is in the your interest to do so, any bid/offer may be rejected.

d. **Small, Minority-Owned, and Women's Business Enterprises.** You shall make positive efforts to assure that small businesses, minority-owned firms, and women's business enterprises are used whenever possible. Organizations receiving federal awards shall take all the steps outlined below to further this goal. This shall include:

- (1) Placing qualified small, minority and women's business enterprises on solicitation lists;
- (2) Assuring that these businesses are solicited whenever they are potential sources;
- (3) Contracting with consortiums of small, minority-owned, or women's business enterprises, when a contract is too large for one of these firms to handle individually;
- (4) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency; and
- (5) Considering in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

3.3. Procurement Procedures

Your organization must have formal procurement procedures. Proposed procurements are to be reviewed to avoid the purchase of unnecessary or duplicative items.

- a. **Solicitations.** Solicitations for goods and services shall provide the following:
- (1) A clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, such a description shall not contain features that unduly restrict competition.
 - (2) Requirements that the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
 - (3) Whenever practicable, a description of technical requirements in terms of the functions to be performed or the performance required, including the range of acceptable characteristics or minimum acceptable standards.

(4) The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

(5) Preference, to the extent practical and economically feasible, for products and services that conserve natural resources, protect the environment, and are energy efficient.

b. **Selecting Contractors.** Contracts will be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration should be given to such matters as contractor integrity, the record of past performance, financial and technical resources or accessibility to other necessary resources.

(1) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

(2) Procurement records and files for purchases in excess of the simplified acquisition threshold (currently \$100,000) shall include the basis for contractor selection, justification for lack of competition when competitive bids or offers are not obtained, and the basis for award cost or price.

3.4. Contract Provisions

a. **Contracts in Excess of \$100,000.** All contracts in excess of \$100,000 established under your Center grant must provide for:

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and such remedial actions as may be appropriate.

(2) Termination for cause and for convenience by the grantee, including the manner by which it will be effected and the basis for settlement. In addition, these contracts shall also contain a description of the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(3) Access by your organization, the Center, the Comptroller General of the United States, or any other duly authorized representatives to any books, documents,

papers, and records of the contractor that are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

b. **Standard Clauses.** All contracts, including small purchases, shall contain the following provisions as applicable:

(1) **Equal Employment Opportunity.** All contracts awarded by you and your contractors and subrecipients having a value of more than \$10,000 must contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity" as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR, Part 60).

(2) **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).** Contractors who apply or bid for an award of \$100,000 or more must file a certification with the grantee stating that they will not and have not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, cooperative agreement, loan, or any other award covered by 31 U.S.C. 1352. Such contractors must also disclose to the grantee any lobbying that takes place in connection with obtaining any Federal award.

(3) **Debarment and Suspension (E.O. 12549 and 12689).** No contracts shall be made to parties listed on the General Services Administration's Lists of Parties Excluded From Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689. These lists contain the names of contractors debarred, suspended, or proposed for debarment by agencies, and contractors declared ineligible under other statutory or regulatory authority other than Executive Order 12549. You must obtain a certification regarding debarment and suspension from all subrecipients and from all parties with whom they contract for goods or services when (a) the amount of the contract is \$100,000 or more, or (b) when, regardless of the amount of the contract, the contractor will have a critical influence or substantive control over the covered transaction. Such persons would be project directors and providers of federally required audit services.

3.5. Other Federal Guidance

a. **Buy American Act.** Consistent with the Buy American Act, 41 U.S.C. 10a-c and Public Law 105-277, grantees and subrecipients who purchase equipment and products with grant funds should purchase only American-made equipment and products.

b. **Welfare-to-Work Initiative.** To supplement the welfare-to-work initiative, you are encouraged, whenever possible, to hire welfare recipients and to provide additional needed

training and/or mentoring.

4. Suspension and Termination

4.1. Suspension and Termination

a. Grants may be terminated in whole or in part:

- ☐ by the Center if you materially fail to comply with the terms and conditions of an award;
- ☐ by the Center with your consent, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion of the project to be terminated; or
- ☐ by you, upon sending to the Center via fax or email written notification (followed by signed documents sent via overnight or express delivery) setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion of the project to be terminated. However, if the Center determines that the reduced or modified portion of the grant will not accomplish the purposes for which the grant was made, it may terminate the grant in its entirety either unilaterally or with your consent.

b. **Suspension or Termination for Cause.** When the Center determines that a grantee has failed to comply with the terms of the grant award, the Center may suspend or terminate the grant for cause. Normally, this action will be taken only after the grantee has been notified of the deficiency and given sufficient time to correct it, but this does not preclude immediate suspension or termination when such action is required to protect the interests of the government. In the event that a grant is suspended and corrective action is not taken within 90 days of the effective date, the Center may issue a notice of termination.

c. **Allowable Costs.** No costs that are incurred during the suspension period or after the effective date of termination will be allowable except those that are specifically authorized by the suspension or termination notice or those that, in the opinion of the Center, could not have been reasonably avoided.

d. **Report and Accounting.** Within 30 days of the termination date, you shall furnish to the Center a summary of progress achieved under the grant, an itemized accounting of charges incurred against grant funds and cost sharing prior to the effective date of the suspension or termination, and a separate accounting and justification for any costs that may have been incurred after this date.

4.2. Termination Review Procedures

If you have received a notice of termination, you may request review of the termination action. Your request for review must be sent via overnight or express delivery no later than 30 days after the date of the termination notice and should be addressed to the Chairman of the Board, Center for Russian Leadership Development, Library of Congress, 101 Independence Ave., S.E., Washington, DC 20540-9980, with a copy sent via overnight or express delivery to the Inspector General, Library of Congress, 101 Independence Ave., S.E., Washington, DC 20540-1060.

Your request for review must contain a full statement of your position and the pertinent facts and reasons supporting it. Your request will be acknowledged promptly, and a review committee of at least three individuals will be appointed. Pending the resolution of the review, the notice of termination will remain in effect.

None of the review committee members will be among those individuals who recommended termination or were responsible for monitoring the programmatic or administrative aspects of your grant. The committee will have full access to all relevant Center background materials. The committee may also request the submission of additional information from you or from Center staff and, at its discretion, may meet with representatives of both groups to discuss the pertinent issues. All review activities will be fully documented by the committee. Based on its review, the committee will present its written recommendation to the Chairman of the Board of the Center who will advise the parties concerned of the final decision.

5. Glossary of Terms

Cash Contributions - The cash outlay for budgeted project activities, including the outlay of money contributed to the grantee by third parties.

Cost Sharing - The portion of the costs of a project not charged to the Center funds. This would include cash contributions (as defined above) as well as the value of third-party in-kind contributions.

Debarment - The ineligibility of a grantee to receive any assistance or benefits from the federal government, either indefinitely or for a specified period of time, based on legal proceedings taken pursuant to agency regulations implementing Executive Order 12549.

Equipment - Tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Federally Recognized Tribal Government - The governing body or a governmental agency of any Indian tribe, Indian band, nation, or other organized group or community certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

Grant - A legal instrument that provides financial assistance in the form of money or property to an eligible recipient. The term includes cooperative agreements but it does not apply to technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. The term does not include fellowships or other lump sum awards, for which the recipient is not required to provide a financial accounting.

Grant Period - The period established in the grant award during which the Center activities and expenditures are to occur. Grant periods begin on the first day of the month and end on the last day of the month.

Grantee - The organization to which a grant is awarded and which is accountable for the use of the funds provided.

In-Kind Contributions - The value of noncash contributions provided by third parties. In-kind contributions may be in the form of charges for real property and equipment or the value of goods and services directly benefitting and specifically identifiable to the project.

Institutional Grant Administrator - The member of the grantee organization who has the official responsibility for administering the grant, e.g., for negotiating budget revisions, overseeing the submission of required reports, ensuring compliance with the terms and conditions of the grant.

Intangible Property - Includes, but is not limited to, trademarks; copyrights; patents and patent applications.

Local Government - A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of government, any other regional or interstate government entity, or any agency or instrumentality of a local government.

Obligation - The amounts of orders placed, contracts and grants awarded, goods and services received, and similar transactions during the grant period that will require payment.

Grants Officer - The Center division staff member designated in the section of the grant award entitled "Endowment Administration of the Award."

Program Income - Money that is earned or received by a grantee or a subrecipient from the activities supported by grant funds or from products resulting from grant activities. It includes, but is not limited to, income from fees for services performed and from the sale of items

fabricated under a grant; usage or rental fees for equipment or property acquired under a grant; admission fees; broadcast or distribution rights; and royalties on patents and copyrights.

Project Funds - Both the federal and non-federal funds that are used to cover the cost of budgeted project activities.

Simplified Acquisition Threshold - This term replaces "small purchase threshold," and the threshold is currently set at \$100,000 [41 U.S.C. 403 (11)].

State - Any of the several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a state exclusive of local governments, institutions of higher education, and hospitals.

Subgrant - An award of financial assistance in the form of money or property, made under a grant by a grantee to an eligible subrecipient or by a subrecipient to a lower-tier subrecipient. The term includes financial assistance which is provided by any legal agreement, even if the agreement is called a contract, but it does not include the procurement of goods and services nor does it include any form of assistance that is excluded from the definition of a "grant."

Subrecipient - The legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.

Supplies - All personal property excluding equipment and intangible property, as defined in this glossary.

Suspension -

(1) The suspension of a grant is the temporary withdrawal of federal sponsorship. This includes the withdrawal of authority to incur expenditures against grant funds, pending corrective action, or a decision to terminate the grant.

(2) The suspension of an individual or organization causes that party to be temporarily ineligible to receive any assistance and benefits from the federal government pending completion of investigation and legal proceedings as prescribed under agency regulations implementing Executive Order 12549. Such actions may lead to debarment of the grantee.

Termination - Cancellation of federal sponsorship of a project, including the withdrawal of authority to incur expenditures against previously awarded grant funds before that authority would otherwise expire.

PART IV – Cost Principles

1.1. Introduction

OMB Circular A-122 “Cost Principles for Non-Profit Organizations” is a comprehensive explanation of which costs are allowable under a Government grant, how to determine whether a cost is reasonable, and how direct and indirect costs should be allocated. To avoid confusion that might arise from rewriting (and possibly oversimplifying) the standard text, please refer to the official OMB cost principles document. You may obtain a paper copy from the Center’s office or read the full text online at [OMB’s website](#)

1.2. Basic Definitions

Attachment A to the Circular describes

a. Allowable Costs. To be allowable under an award, costs must meet the following general criteria:

- (1) Be reasonable for the performance of the award and be allocable thereto under these principles.
- (2) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- (3) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.
- (4) Be accorded consistent treatment.
- (5) Be determined in accordance with generally accepted accounting principles.
- (6) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (7) Be adequately documented.

b. Reasonable Costs. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at

the time the decision was made to incur the costs. In determining the reasonableness of a given cost, consideration shall be given to:

- (1) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- (2) The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- (3) Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- (4) Significant deviations from the established practices of the organization that may unjustifiably increase the award costs.

c. **Allocable Costs.** A cost may be allocated to your grant in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- (1) Is incurred specifically for the award.
- (2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
- (3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
- (4) Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

1.3. Potential Costs

Attachment B to the OMB Circular describes 56 types of costs and explains when they are allowable and when they are not. Some of the potential costs covered by the Circular are not relevant to Center projects. Please note that costs marked with an “X” in the list below are **never** allowable and must not be included in your budget for Center activities or in your requests for payment. Other costs on the list may be unallowable in certain circumstances. Please refer to the Circular for explanations and contact the Center if you have any questions.

1. Advertising and public relations costs

- X 2. Alcoholic beverages
- X 3. Bad debts
- 4. Bid and proposal costs (reserved)
- 5. Bonding costs
- 6. Communication costs
- 7. Compensation for personal services
- X 8. Contingency provisions
- X 9. Contributions and donations to others
- 10. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement
- 11. Depreciation and use allowances
- 12. Donations to the grant project
- 13. Employee morale, health, and welfare costs and credits
- X 14. Entertainment costs
- 15. Equipment and other capital expenditures
- X 16. Fines and penalties
- 17. Fringe benefits
- X 18. Goods or services for personal use
- X 19. Housing and personal living expenses for your organization's employees
- 20. Idle facilities and idle capacity
- 21. Independent research and development (reserved)
- 22. Insurance and indemnification
- X 23. Interest, fund raising, and investment management costs
- 24. Labor relations costs
- X 25. Lobbying
- 26. Losses on other awards
- 27. Maintenance and repair costs
- 28. Materials and supplies
- 29. Meetings and conferences
- 30. Memberships, subscriptions, and professional activity costs
- X 31. Organization costs
- 32. Overtime, extra-pay shift, and multi-shift premiums
- 33. Page charges in professional journals
- 34. Participant support costs
- 35. Patent costs
- 36. Pension plans
- 37. Plant security costs
- 38. Pre-award costs
- 39. Professional service costs
- 40. Profits and losses on disposition of depreciable property or other capital assets
- 41. Publication and printing costs
- 42. Rearrangement and alteration costs
- 43. Reconversion costs

- 44. Recruiting costs
- 45. Relocation costs
- 46. Rental costs
- 47. Royalties and other costs for use of patents and copyrights
- 48. Selling and marketing
- 49. Severance pay
- 50. Specialized service facilities
- 51. Taxes
- 52. Termination costs
- 53. Training and education costs
- 54. Transportation costs
- 55. Travel costs
- 56. Trustees